

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Uncollectible Expense)	
Rider of Northeast Ohio Natural Gas)	Case No. 15-0309-GA-UEx
Corporation)	

ANNUAL UNCOLLECTIBLE EXPENSE RIDER REPORT

Northeast Ohio Natural Gas Corporation ("NEO") hereby submits its Annual Report for May 1, 2014 through June 30, 2015, plus the information required in Paragraph 12 of the Commission's Finding and Order Dated August 19, 2009 in Case No. 08-1229-GA-COI, *In the Matter of Five-Year Review of Natural Gas Company Uncollectible Riders* for calendar year 2015. In case No. 14-309-GA-UEx, the Commission approved NEO's current UEX Rider rate of \$0.0164 per Mcf. NEO requests that the Commission approve NEO's revision of its UEX rider to reflect a charge in the amount of \$0.0232 per Mcf. Support for this request is as follows:

1. Attached hereto as Attachment 1 is NEO's Annual Uncollectible Expense Report for calendar year 2014. Page 1 of 3 of Attachment 1 shows actual uncollectible balances for January through December 2014. NEO reports an Uncollectible Account balance of (\$28,624.05) on January 1, 2014. The ending balance is \$48,933.19 as of December 31, 2014.

2. Attachment 1, page 2 of 3, shows actual balances for January 1, 2015 through June 30, 2015 and additionally shows estimated balances by month through December 31, 2015, estimated bad debt expense by month, and the estimated monthly sales volume, as applicable. On December 31, 2015, the estimated Uncollectible account balance is expected to be \$53,584.85 if the UEX Rider rate is unchanged.

3. Attachment 1, page 3 of 3, shows estimated balances for January, 2016 through June 30, 2016 assuming no modification in Uncollectible Expense Rider. The estimated balance assuming no change to the Uncollectible Expense Rider is \$56,885.21 as of June 30, 2016.

4. NEO believes it is appropriate and reasonable to consider the prospective application of the Uncollectible Expense Rider in the development of the appropriate Uncollectible Expense Rider rate since it better matches expenses with recoveries. The Commission has found this procedure to be reasonable in applications for an adjustment in the Uncollectible Expense Rider rates of Columbia Gas of Ohio, Inc. in Case No. 10-578-GA-UEx, and Duke Energy Ohio in Case No. 10-726-GA-UEx.

5. Attachment 2 details the calculation showing the potential change in NEO's Uncollectible Expense Rider Rate based on its Actual Bad Debt Deferral as of May 31, 2015, estimated bad debt write-offs, UEX Rider recoveries and sales volumes through June 2016. The revised Rider rate proposed to become effective is calculated to be a charge to customers of \$0.0232 per Mcf, which is an increase of \$0.0068 per Mcf from the currently effective rate of \$0.0164 per Mcf. NEO's tariff provides, pursuant to the Commission's guidelines adopted in Case No. 03-1127-GA-UNC, that an annual adjustment in an Uncollectible Expense Rider rate is appropriate when the over- or under-collection balance would exceed plus/minus ten percent absent adjustment, which is the case in this instance.

6. Such a change is based on actual experience for the twelve (12) months ending June 2015, as adjusted for estimated uncollectible accruals and projected sales volumes through June 2016.

7. For this reason, NEO submits that the proposed increase from its currently effective Uncollectible Expense Rider rate of \$0.0164 per Mcf to a charge in the amount of \$0.0232 per Mcf is appropriate.

8. Attachment 3 includes redlined and clean proposed revisions to NEO's tariff reflecting the increased Uncollectible Expense Rider Rate proposed herein.

Respectfully submitted,

/s/ Devin D. Parram

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ATTACHMENT 1 P.1 OF 3

**Northeast Ohio Natural Gas Corp.
Bad Debt Rider
Annual Balance Reconciliation
2014**

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
(1) Balance - Beginning of Month	\$ (34,312.06)	\$ (28,624.05)	\$ (21,330.59)	\$ (15,541.31)	\$ (5,333.60)	\$ 5,582.60	\$ 25,114.31	\$ 25,899.54	\$ 58,794.98	\$ 56,416.12	\$ 64,681.18	\$ 54,105.56	
(2) Bad Debts Written Off	2,113.79	2,943.73	2,461.00	7,730.94	9,554.92	18,679.83	-	32,044.41	(3,348.94)	9,309.90	(8,008.08)	(140.44)	
(3) Recovery - Base Rates													
(4) Recovery - Bad Debt Rider	3,764.88	4,501.06	3,439.98	2,540.01	1,360.53	758.88	630.69	594.46	621.05	(1,411.69)	(2,927.40)	(5,344.07)	
(5) Recovery - Other													
(6) Incremental Bad Debt	5,878.67	7,444.79	5,900.98	10,270.95	10,915.45	19,438.71	630.69	32,638.87	(2,727.89)	7,898.21	(10,935.48)	(5,484.51)	
(7) Balance Subtotal	(28,433.39)	(21,179.26)	(15,429.61)	(5,270.36)	5,581.85	25,021.31	25,745.00	58,538.41	56,067.09	64,314.33	53,745.70	48,621.05	
(8) Carrying Charges	(190.66)	(151.33)	(111.70)	(63.24)	0.75	92.99	154.54	256.58	349.02	386.85	359.85	312.15	
(9) Balance - End of Month	\$ (28,624.05)	\$ (21,330.59)	\$ (15,541.31)	\$ (5,333.60)	\$ 5,582.60	\$ 25,114.31	\$ 25,899.54	\$ 58,794.98	\$ 56,416.12	\$ 64,681.18	\$ 54,105.56	\$ 48,933.19	

MEMO ONLY

Net Monthly Carrying Charge Rate 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077% 0.6077%

Sales Volumes 414,014.8 494,900.4 378,280.6 279,354.4 149,676.4 83,605.1 69,537.7 65,542.2 68,400.4 86,657.1 179,566.7 329,499.6

Projected Sales Volumes

(2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 1 P. 2 OF 3

Northeast Ohio Natural Gas Corp. Bad Debt Rider Annual Balance Reconciliation 2015

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
(1) Balance - Beginning of Month	\$ 48,933.19	\$ 41,399.54	\$ 35,067.72	\$ 27,789.34	\$ 24,926.45	\$ 25,623.40	\$ 45,779.58	\$ 47,060.84	\$ 48,349.88	\$ 49,646.75	\$ 50,951.50	\$ 52,264.19
(2) Bad Debts Written Off	(1,602.14)	622.69	(93.59)	836.60	2,707.01	21,234.66	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider	(6,205.17)	(7,186.16)	(7,375.21)	(3,859.19)	(2,163.20)	(1,294.78)						
(5) Recovery - Other												
(6) Incremental Bad Debt	(7,807.31)	(6,563.47)	(7,468.80)	(3,022.59)	543.81	19,939.88	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
(7) Balance Subtotal	41,125.88	34,836.07	27,598.92	24,766.75	25,470.26	45,563.28	46,779.58	48,060.84	49,349.88	50,646.75	51,951.50	53,264.19
(8) Carrying Charges	273.66	231.65	190.42	159.70	153.14	216.31	281.25	289.04	296.87	304.75	312.68	320.66
(9) Balance - End of Month	\$ 41,399.54	\$ 35,067.72	\$ 27,789.34	\$ 24,926.45	\$ 25,623.40	\$ 45,779.58	\$ 47,060.84	\$ 48,349.88	\$ 49,646.75	\$ 50,951.50	\$ 52,264.19	\$ 53,584.85

MEMO ONLY

Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Projected Sales Volumes	382,260.8	442,203.2	454,546.3	237,073.6	132,642.7	79,320.3	64,597.8	53,534.3	69,037.0	77,396.9	183,515.5	311,035.6
Projected Annual Volumes						2,487,164.0						

- (2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 1 P. 3 OF 3

**Northeast Ohio Natural Gas Corp.
Bad Debt Rider
Annual Balance Reconciliation
2016**

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
(1) Balance - Beginning of Month	\$ 48,933.19	\$ 50,233.61	\$ 51,541.93	\$ 52,858.20	\$ 54,182.47	\$ 55,514.79	\$ 56,855.21	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Bad Debts Written Off	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00						
(3) Recovery - Base Rates												
(4) Recovery - Bad Debt Rider												
(5) Recovery - Other												
(6) Incremental Bad Debt	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00						
(7) Balance Subtotal	49,933.19	51,233.61	52,541.93	53,858.20	55,182.47	56,514.79						
(8) Carrying Charges	<u>300.42</u>	<u>308.32</u>	<u>316.27</u>	<u>324.27</u>	<u>332.32</u>	<u>340.42</u>						
(9) Balance - End of Month	\$ 50,233.61	\$ 51,541.93	\$ 52,858.20	\$ 54,182.47	\$ 55,514.79	\$ 56,855.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MEMO ONLY

Net Monthly Carrying Charge R:	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%	0.6077%
Projected Sales Volumes	382,260.8	442,203.2	454,546.3	237,073.6	132,642.7	79,320.3	64,597.8	53,534.3	69,037.0	77,396.9	183,515.5	311,035.6

- (2) Bad Debts Written Off
(5) Recovery - Other

ATTACHMENT 2

**Northeast Ohio Natural Gas Corporation
Revised Rider Rate Calculation
May 31, 2015**

Bad Debt Deferral as of 5/31/15	\$ 45,779.58
Projected Volumes 1/15-12/15	2,487,164
Recovery Rate	\$0.0184
Estimated Uncollectible accounts	\$12,000
Sales Volumes 1/14-12/14	2,487,164 Mcf
Projected Recovery Rate	\$0.0048
Total Bad Debt Rate	\$0.0232
Current Rider Rate 15-309-GA-UEX	\$0.0164
Change	\$0.0068

P.U.C.O. No. 1

NORTHEAST OHIO NATURAL GAS CORP.

~~Third~~Fourth Revised Sheet No. 57

RULES REGULATIONS AND RATES GOVERNING THE DISTRIBUTION AND
TRANSPORTATION OF GAS

71. MCF TAX RIDER. Applicable to all distribution and transportation services to provide for recovery of Northeast Ohio Natural Gas Corp.'s excise tax liability. In addition to all other rates, each Mcf delivered is subject to the following excise tax:

First 100 Mcf per month	\$.1593 per Mcf
Next 1,900 Mcf per month	\$.0877 per Mcf
Over 2,000 Mcf per month	\$0.411 Per Mcf
Flex Customers	\$0200 per Mcf

All bills rendered to a Flex Customer as defined by O.R.C. 5727.80(N) shall be assessed using the Flex Customer rate above (\$.02 per Mcf) with a corresponding reduction to flexed base rate billed to that customer.

72. Uncollectible Expense Rider. Applicable to all customers served under rate schedules SGS, GS, and LGS. An additional charge of \$0.02~~32~~46 per Mcf shall be applied to all volumes for services rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.

73. Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider. Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in accordance with an Entry in Case No. 13-2351-GA-PIP is \$0.0511 per Mcf delivered.

Filed pursuant to PUCO Application dated ~~June 27~~October 15, 201~~5~~4 in Case No. ~~154~~0312-GA-UEX

ISSUED: ~~July~~November____, 2014-~~5~~5
or after

EFFECTIVE: For bills Rendered on

August~~November~~ 1, 201~~5~~4

Issued by
Northeast Ohio Natural Gas Corp.
Martin K. Whelan, President

P.U.C.O. No. 1

NORTHEAST OHIO NATURAL GAS CORP.

Fourth Revised Sheet No. 57

RULES REGULATIONS AND RATES GOVERNING THE DISTRIBUTION AND
TRANSPORTATION OF GAS

71. MCF TAX RIDER. Applicable to all distribution and transportation services to provide for recovery of Northeast Ohio Natural Gas Corp.'s excise tax liability. In addition to all other rates, each Mcf delivered is subject to the following excise tax:

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72. Uncollectible Expense Rider. Applicable to all customers served under rate schedules SGS, GS, and LGS. An additional charge of \$0.0232 per Mcf shall be applied to all volumes for services rendered under applicable rate schedules to recover costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over or under collections.

73. Interim, Emergency and Temporary PIP Plan Tariff Schedule Rider. Applicable to all distribution and transportation services and in addition to all other rates and charges, the Interim Emergency and Temporary PIP Plan Rate base rate rider for gas service established in accordance with an Entry in Case No. 13-2351-GA-PIP is \$0.0511 per Mcf delivered.

Filed pursuant to PUCO Application dated October 15, 2015 in Case No. 15-0312-GA-UEX

ISSUED: November ___, 2015

EFFECTIVE: For bills Rendered on or after
November 1, 2015

Issued by
Northeast Ohio Natural Gas Corp.
Martin K. Whelan, President

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Case No(s). 15-0309-GA-UEX

Summary: Annual Report Annual Uncollectible Expense Rider Report electronically filed by
Mr. Devin D. Parram on behalf of Northeast Ohio